



Executive Office for Administration & Finance

**COMMONWEALTH OF MASSACHUSETTS**

STATE HOUSE • BOSTON, MA 02133

(617) 727-2040

**CHARLES D. BAKER**  
GOVERNOR

**KRISTEN LEPORE**  
SECRETARY

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

February 3, 2015

His Excellency Charles D. Baker, Governor  
Executive Office  
State House, Room 360  
Boston, Massachusetts 02133

Dear Governor Baker:

Pursuant to the provisions of Section 9C of Chapter 29 of the Massachusetts General Laws, I hereby notify you that expenditures necessary under law are projected to exceed available revenues for Fiscal Year 2015. The size of this gap is estimated to be \$968 million after accounting for approximately \$252 million in budget solutions implemented by the prior administration and the assumption of the use of \$209 million in excess capital gains.

The majority of the projected deficiency, approximately \$703 million, reflects probable non-discretionary spending obligations not accommodated in the FY15 General Appropriation Act. These include MassHealth enrollment, snow and ice removal costs, caseload exposures, employee health insurance costs and public safety costs.

The projected deficiency also accounts for an estimated \$308 million in projected revenues below budgeted projections. These include both non-tax revenue collections below budget (\$176 million) and below-budget tax collections resulting from the recent income tax rate reduction (\$70 million) and the repeal of the indexing of the gas tax to inflation (\$5 million), as well as a shortfall in budgeted settlement payments to the Commonwealth (\$57 million).

In addition, capital gains tax revenues are projected to make up a larger portion of the Fiscal Year 2015 tax revenue estimate than was originally anticipated. This would mean, pursuant to state finance law, \$209 million in collected tax revenue would no longer be available for budgetary purposes and would instead be reserved for deposit into the Stabilization Fund.

Upon your direction, I will implement reductions under Section 9C of Chapter 29 and take such other steps as necessary to eliminate this projected deficiency.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kristen Lepore".

Kristen Lepore  
Secretary

Cc: Senator Karen E. Spilka, Chairwoman, Senate Ways and Means  
Representative Brian A. Dempsey, Chairman, House Ways and Means